

**FISCAL NOTE**  
**HB 603 - SB 1433**

March 21, 2007

**SUMMARY OF BILL:** Grants retired state employees the option of continuing participation in the state health insurance plan upon becoming eligible for Medicare. The state contribution shall be based on retiree's length of service. Authorizes surviving spouses or dependent children of deceased, retired state employees the option of continuing participation in the state health insurance plan upon becoming eligible for Medicare, provided the state employee had not discontinued the election.

**ESTIMATED FISCAL IMPACT:**


**Increase State Expenditures – Exceeds \$2,000,000**

Assumptions:

- According to the Division of Insurance (DOI) within the Department of Finance and Administration, retirees reaching the age of Medicare eligibility are currently ineligible to participate in the state plan. As an alternative, they are offered a Medicare Supplement policy with state support equal to a fixed amount based upon length of service.
- At the beginning of 2006, the options available to Medicare eligible retirees were consolidated to one option from three options that had been available for the four years prior to the change.
- According to DOI, and based on the assumption that the number of retirees choosing the alternative proposed is similar to the number of retirees electing the consolidated option at the beginning of 2006, the increase to plan expenditures is estimated to exceed plan revenues by at least \$2,000,000 per year.
- DOI estimates 14% growth in benefit costs each year.
- The increase to state expenditures is estimated to exceed \$2,000,000 per year.

**CERTIFICATION:**

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director